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**UNITED STATES DISTRICT COURT FOR THE DISTRICT OF UTAH**  
**CENTRAL DIVISION**

SECURITIES AND EXCHANGE  
COMMISSION,

Plaintiff,

v.

NATIONAL NOTE OF UTAH, LC, a Utah  
Limited Liability Company and WAYNE  
LaMAR PALMER, and individual,

Defendants.

**TWENTY FIRST STATUS REPORT  
OF R. WAYNE KLEIN, RECEIVER**

*For the Quarter Ending  
September 30, 2017*

2:12-cv-00591 BSJ

The Honorable Bruce S. Jenkins

R. Wayne Klein, the Court-Appointed Receiver (the “Receiver”) of National Note of Utah, LC (“National Note”), as well as certain subsidiaries and entities affiliated with National Note and the assets of Wayne LaMar Palmer (“Palmer”), hereby submits this Twenty First Status Report for the period July 1, 2017 through September 30, 2017 (the “Reporting Period”).

**I.**

**PROCEDURAL HISTORY**

This action (the “Civil Case”) was commenced by the United States Securities and Exchange Commission (the “SEC”) on June 25, 2012, against Defendants Palmer and National

Note by the filing of a Complaint in the United States District Court for the District of Utah (the “Court”).<sup>1</sup> The Court held a trial on November 2, 2015 and on November 30, 2015 entered judgment against Palmer and National Note.<sup>2</sup>

On August 19, 2015, a grand jury indicted Palmer and his cousin, Julieann Palmer Martin. On February 5, 2017, both pleaded guilty. Palmer pleaded guilty to two felony counts: a scheme and artifice to defraud and money laundering. Ms. Martin pleaded guilty to one felony count of concealing fraud by another. A restitution hearing is scheduled for November 29, 2017 and sentencing is set for December 11, 2017.

## II.

### REAL ESTATE TRANSACTIONS

Attached hereto as Exhibit A is a chart setting forth the status of all real properties in the Receivership Estate as of September 30, 2017. Five primary properties remain in the Receivership Estate: 39 lots located in the “Elkhorn Ridge” subdivision in Malad, Idaho; the “Deer Meadows” property located near Duchesne, Utah; one industrial lot located in the “Byron Industrial Park” in Minnesota; the “Overland Trails” property located in Eagle Mountain, Utah; and the “Expressway Business Park” properties located in Spanish Fork, Utah. All of these properties are being marketed for sale, but each has unique challenges. The Receiver is evaluating sale alternatives and potential abandonment of some of the properties.

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<sup>1</sup> Docket No. 1.

<sup>2</sup> Docket No. 1043.

**A. Real Property Sales Closed During the Reporting Period.** No property sales closed during the Reporting Period.

**B. Property Offers Subject to Court Approval.** During the Reporting Period, the Receiver held discussions with potential buyers of two of the Receivership properties:

1. Expressway Business Park. On July 6, 2017, the court-approved appraiser submitted his appraisal valuing the portion of the Expressway Business Park still available for sale at \$600,000. The Receiver sent copies of the appraisal to parties who previously had expressed interest in the property and received several offers. On August 6, 2017, the Receiver filed a *Motion Requesting Order Approving Public Sale of Property* ("Sale Motion"), proposing public sale procedures.<sup>3</sup> At a hearing on September 8, 2017, the Court requested that the Receiver simplify the proposed procedures set forth in the Sale Motion. On September 15, 2017, the Receiver filed an *Amended Motion Requesting Order Approving Public Sale of Property*.<sup>4</sup> A hearing on the amended Sale Motion was held on October 12, 2017, and the Motion was granted. The Receiver will report on this sale in the next Status Report.

2. Byron Industrial Park. This Receivership property located in Minnesota is encumbered by development bonds and unpaid property taxes in a total amount that is greater than the market value of the property. The Receiver has had numerous meetings and calls with an electric transmission company about leasing or purchasing this land. No agreement has been reached and discussions are ongoing.

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<sup>3</sup> Docket No. 1308.

<sup>4</sup> Docket No. 1315.

### III.

#### **STATUS OF REAL ESTATE INTERESTS**

A. **Assignments of Beneficial Interest (“ABIs”)**. As noted in prior Status Reports, all but three of the 349 ABIs issued by National Note to investors have been voluntarily released or resolved. This Court has ruled that the remaining three ABIs are invalid,<sup>5</sup> but the holders of those ABIs filed an appeal of the Court’s Judgment on December 22, 2016 (the “ABI Appeal”).<sup>6</sup> Mediation efforts by the Tenth Circuit mediator did not result in a settlement. Thus, the ABI Appeal is proceeding. After the parties completed briefing, the Tenth Circuit requested supplemental briefs. The Tenth Circuit has set oral argument on this appeal for November 15, 2017.

B. **Deeds of Trust**. Of the thirteen properties on which deeds of trust had been recorded at the time of the Receiver’s appointment, all deeds of trust have been satisfied or released except as to the two properties noted below.

1. **Overland Trails, Eagle Mountain, Utah**: There are six deeds of trust remaining and recorded against this property, claiming to secure a total of \$252,136.91 in debt. The Receiver does not believe that all of these deeds of trust are valid, but he is attempting to sell the property before incurring expense to dispute the interests.

2. **Expressway Business Park, Spanish Fork, Utah**: There are three remaining deeds of trust recorded against this property, which are held by Westar Equities, Jeff Sessions,

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<sup>5</sup> *Klein v. Adams*, Civil No. 2:14-CV00614, Docket No. 525 (Memorandum Decision entered Oct. 25, 2016); Docket No. 526 (Judgment entered Nov. 14, 2016).

<sup>6</sup> Case No. 16-4215 (10<sup>th</sup> Cir.).

and Evolution Holdings. Westar Equities maintains that it is owed the principal amount of \$9,634.30 plus accrued interest. The interests of Sessions and Evolution Holdings are in unspecified amounts, but the Receiver believes that the purported debts relate to tenant improvements that were promised by National Note but never completed. Because the Receiver believes that National Note holds a superior lien that was effective before the dates of the deeds of trust given to Sessions and Evolution Holdings, the Receiver intends to contest the Sessions and Evolution Holdings deeds of trust.

#### IV.

#### LITIGATION/SETTLEMENTS/COLLECTIONS

The following occurred during the Reporting Period with regard to recovery efforts:

A. **Wilton Battles Judgment.** In 2013, the Court approved a settlement between the Receiver and Mr. Battles, including a confession of judgment in the event Mr. Battles defaulted in his obligations. After paying \$4,700.00 under the terms of the settlement agreement, Mr. Battles defaulted and the Receiver sought entry of the confession of judgment. Judgment was entered on May 5, 2017 in the total amount of \$24,876.82.<sup>7</sup> The Receiver caused the judgement to be recorded against property owned by Mr. Battles. On October 2, 2017, after the close of the Reporting Period, the Receiver was served with a summons and complaint by a party seeking to foreclose its interest in the same property. The Receiver maintains that this foreclosure is stayed by the Receivership Order and has notified the plaintiff of his position. It is unknown at this point whether the Receivership Estate will recover funds on this judgment.

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<sup>7</sup> *Klein v. Battles*, 2:13-cv-00560-TC, Docket Nos. 9 & 11.

**B. Green Apple Settlement.** Following a June 30, 2017 hearing on the Receiver's *Renewed Motion Seeking Approval of Settlement Agreement With Green Apple Holding LLC*,<sup>8</sup> the Court entered an *Order* granting the motion.<sup>9</sup> On September 12, 2017, Green Apple paid the \$10,000.00 settlement amount to the Receiver with proceeds from the sale of the property at issue. This matter is now concluded.

**C. Star Pointe Settlement.** The Court held a hearing on June 30, 2017 on the Receiver's *Motion Seeking Approval of Settlement Agreement With Star Pointe Development, LLC and Star Pointe Partners, LLC*.<sup>10</sup> On July 6, 2017, the Court entered an *Order*<sup>11</sup> granting the Motion and approving the settlement agreement. Under the settlement agreement, the Receivership Estate will receive \$10,000 when other litigation is concluded and funds are released from a state court registry. This amount is in addition to the \$70,000 the Receivership Estate received earlier in connection with the foreclosure of property owned by Star Pointe Development, LLC.

**D. Collection Efforts on Judgments.** The Receiver has pursued collection of 32 judgments and unpaid settlements that he previously obtained on behalf of the Receivership Estate. For each of the judgments, the Receiver investigated the collectability of the judgments, including in many cases (where the amount of the judgement warranted), the employment of a private investigation firm to research the assets that might be available to satisfy the judgments.

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<sup>8</sup> Docket No. 1291.

<sup>9</sup> Docket No. 1306.

<sup>10</sup> Docket No. 1297.

<sup>11</sup> Docket No. 1300.

As a result of his research, the Receiver determined that it would be most beneficial to the Receivership Estate to abandon collection efforts on judgments that would likely be uncollectable due to, among other things, bankruptcy discharge or lack of assets held by the judgment debtor. In other instances, partial or full amounts of judgments have been collected. After the recoveries described below, nine judgments remain that are being actively pursued for collection.

1. Harry Cousins. The Receiver obtained a judgment against Harry Cousins in the total amount of \$60,246.58 on account of false profits Mr. Cousins obtained from National Note. The Receiver took actions to enforce the judgment. Ultimately, Mr. Cousins' son contacted the Receiver and demonstrated that neither Mr. Cousins nor his wife had recoverable assets. To settle the matter, however, on September 5, 2017, the son paid a settlement sum in the total amount of \$12,000.00. This matter is now closed.

2. Green Apple Holdings. On September 12, 2017, Green Apple Holdings paid the \$10,000 required by the settlement of litigation with the Receiver. This matter is now closed.

3. Joe and Catherine Lovato. The remaining \$23,337.60 owed by the Lovatos was paid to the Receiver on July 5, 2017, making a total of \$40,000.00 collected on this judgment. This matter is now closed.

V.

**INITIAL DISTRIBUTION**

On November 14, 2016, the Receiver distributed \$4.49 million to the holders of "Allowed Claimants" who were entitled to a distribution under the *Plan of Distribution* that was approved by the Court. All distribution payments related to the initial distribution have now

cleared.

## VI.

### FINANCIAL ANALYSIS

A. Receivership Financial Information. The following financial information is provided for the Reporting Period:

1. Bank Accounts. The Receiver maintains two bank accounts for the operation of the Receivership Estate: a general operating account (the “Operating Account”) and an account holding the net proceeds of real estate sales to which disputed interests have attached (the “Real Estate Account”).<sup>12</sup> The balances in these accounts as of the close of the Reporting Period are as follows:

Account	Account Balance
Operating Account	\$955,747.23
Real Estate Account	\$961,394.03
<b>TOTAL</b>	<b>\$1,917,141.26</b>

2. Operating Account Deposits. The sources of funds deposited into the Operating Account during the Reporting Period are shown in the following table:

Source	Amount In
Settlement agreement proceeds	\$6,150.00
Collections on judgments	\$45,337.60
Interest	\$282.22
<b>TOTAL</b>	<b>\$51,487.60</b>

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<sup>12</sup> Pursuant to the Court’s *Order Approving the Receiver’s Third Interim Fee Application for Receiver and Receiver’s Professionals for Services Rendered from July 1, 2013 through December 31, 2013*, Docket No. 828, the Receiver has established a separate Savings Account tied to the Operating Account in which he is holding 20% of the professional fees incurred by him and his counsel related to that fee application. Money to open this Savings Account was transferred from the Operating Account. This Savings Account has a current balance of \$122,956.53, and is in addition to the amounts reported below.

3. Operating Account Expenditures. The following table shows the categories of operating expenses that have been paid from the Operating Account during the Reporting Period:

Type of Expense	Amount Out
Real estate appraisal, closing costs	\$3,528.08
Legal fees for collection counsel	\$765.57
Tax filing fee	\$100.00
<b>TOTAL</b>	<b>\$4,393.65</b>

4. Real Estate Account Deposits and Withdrawals. The only transactions in the Real Estate Account were deposits of accrued interest.

5. SFAR. Attached as Exhibit B is a copy of the Standardized Fund Accounting Report for the Reporting Period

6. Administrative Expenses. On September 12, 2017, the Court entered an Order approving the *Twelfth Interim Fee Application* for the Receiver and his counsel, covering the period from April 1, 2017 to June 30, 2017.<sup>13</sup> Subsequently, the Receiver paid \$12,207.50 to the Receiver and his firm, and \$60,594.00 to Dorsey & Whitney LLP.

For the current Reporting Period, the Receiver and his staff have spent a total of 54.3 hours on behalf of the Receivership Estate. Billable services provided by the Receiver during the Reporting Period total \$9,895.00. For the current Reporting Period, Dorsey's total fees, less voluntary reductions, are in the total amount of \$13,237.50 and its out of pocket expenses total \$108.75.

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<sup>13</sup> Docket No. 1314.

VII.

NEXT STEPS

The Receiver anticipates addressing the following priorities in the coming months:

1. Litigation, Settlements, and Appeal. At this point, the only remaining litigation matters are the ABI Appeal discussed above, actions being taken to execute on judgments, and efforts to enforce settlement agreements previously agreed to.
2. Collection of Judgments. The Receiver anticipates continuing his efforts to collect on judgments that have been entered in favor of the Receivership Estate.
3. Property Sales. The Receiver will continue his efforts to sell the remaining real estate held by the Receivership Estate.

VIII.

CONCLUSION

Administration of the Receivership Estate is in a phase where progress is slow. The Receiver anticipates that in early 2018, the ABI Appeal will be decided. At that point, a second distribution can be made to investors. As noted above, the remaining real property will take additional time and collection efforts related to judgments and defaulted settlement agreements may be protracted and difficult. The Receiver will continue his efforts to close the Receivership Estate as efficiently and quickly as possible.

DATED this 8<sup>th</sup> day of November, 2017.

  
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WAYNE KLEIN, Receiver

**CERTIFICATE OF SERVICE**

IT IS HEREBY CERTIFIED that service of the above **TWENTY FIRST STATUS REPORT OF R. WAYNE KLEIN, RECEIVER** was filed with the Court on this 9th day of November, 2017, and served via ECF on all parties who have requested notice in this case.

/s/ Candy Long \_\_\_\_\_

# EXHIBIT A

REAL PROPERTIES--STATUS					
As of 9/30/17. Investigation Ongoing. All Information Subject to Change.					
The numbers in the first column correspond with numbers of these properties as described in the Receiver's First Status Report.					
Property Name	Location	Listing Price	Sales Price	Net Sale Proceeds	Status
PROPERTIES CURRENTLY IN RECEIVERSHIP ESTATE					
3 Elkhorn Ridge Estates-39 Building Lots	Malad, ID	Varies			Marketed for sale through broker; several lots sold (described below)
10 Deer Meadows	Duchesne Co., UT	72,000			Marketed for sale through broker; lien releases obtained
20 Overland Trails	Eagle Mtn., UT	340,000			Appraisal obtained; being marketed; numerous trust deed liens
23 Expressway Business Park-Land	Spanish Fork, UT	1,250,000			Amended motion for public auction filed 9/15/17 [Docket No. 1315]
29 Bear Grove Industrial Park-Block 1, Lot 4	Byron, MN	285,000			Bond encumbrance; property is being marketed through broker
PROPERTIES SOLD OR RELEASED					
Property Name	Location	Listing Price	Sales Price	Net Sale Proceeds	Status
1 River Run/Riverbend Subdivision-Land	Middleton, ID	N.A.	N.A.	N.A.	No equity. Court approved release of property to lender [Dkt. No. 590]
2 Single family home: 1st Avenue	Middleton, ID	115,000	105,000	102,461.72	Sale approved [Docket No. 734]. Sale closed 10/15/14
Single family home: Hawthorne Ave.	Middleton, ID	80,000	76,000	69,569.48	Sale approved [Docket No. 804]. Sale closed 11/17/14
3 Elkhorn Ridge Estates-47 Building Lots	Malad, ID				Lots sold to date are:
Lot #1		135,000	155,000	142,834.78	Sale approved [Docket No. 419]. Sale closed 8/29/13
Lot #2		35,000	31,500	27,725.00	Sale approved [Docket No. 492]. Sale closed 12/6/13
Lot #3		35,000	22,000	19,344.67	Sale approved [Docket No. 1261]. Sale closed 1/31/17
Lot #4		35,000	35,000	30,893.21	Sale approved [Docket No. 231]. Sale closed 4/26/13
Lot #5		80,000	80,000	71,803.14	Sale approved [Docket No. 231]. Sale closed 4/8/13
Lots #6 & 7		70,000	44,000	39,483.79	Sale approved [Docket No. 1295]. Sale closed 6/9/17
Lot #48		80,000	80,000	73,620.84	Sale approved [Docket No. 231]. Sale closed 4/9/13
4 Elkhorn Ridge-4 Undeveloped Parcels	Malad, ID	250,000	240,000	226,369.05	Sale approved [Docket No. 1173]. Sale closed 9/9/16
5 Manhattan Grille Condominium	Manhattan, MT	49,000	51,000	45,933.32	Sale approved [Docket No. 300]. Sale closed 6/5/13
6 Twin Pines Apartments	Brigham City, UT	N.A.	172,020.02		Sale approved [Docket No. 736]. Sale closed 9/14/14
7 Ogden Office Building (49% ownership)	Ogden, UT	699,000	600,000	241,836.07	Sale approved via auction [Docket No. 1042]. Sale closed 1/6/16
8 Summit Park Lot	Summit Park, UT	40,000	37,500	32,477.61	Sale approved [Docket No. 135]. Sale closed 1/24/13
9 Bandanna Cabin	Fruitland, UT	260,000	260,000	226,374.07	Sale at auction approved [Docket No. 341]. Sale closed 10/24/13
11 Outpost/Indian Canyon	Duchesne Co., UT	N.A.	148,222.56	134,068.12	Sale approved [Docket No. 269]. Sale closed 8/21/13
12 East Meadows Mobile Home Park	Vernal, UT	N.A.	1,025,000	979,620.29	Sale approved [Docket No. 292]. Sale closed 7/29/13
13 Quail Hollow Apartments	Vernal, UT	N.A.	N.A.	N.A.	Determined not owned by Receivership Estate
14 Residential Building Lots at 900 West	Salt Lake City, UT	N.A.	70,000	65,295.00	Sale approved [Docket No. 263]. Sale closed 5/8/13
15 Cottonwood Road Property-4 acres	Salt Lake City, UT	N.A.	N.A.	N.A.	No equity; court approved release of property to lender [Dkt. No. 179]
15 Cottonwood Road Property-1 acre	Salt Lake City, UT	N.A.	291,000	279,189.07	Sale at auction approved [Docket No. 495]. Sale closed 11/8/13
16 National Note Office Building	West Jordan, UT	285,000	285,000	55,903.09	Sale approved [Docket No. 161]. Sale closed 3/19/13
17 Palmer Residence	West Jordan, UT	N.A.	N.A.	N.A.	No equity. Court approved abandonment of property [Dkt. No. 869]
18 Star Pointe Development	Salt Lake City, UT	N.A.	N.A.	70,000.00	Court approved settlement agreement with lender [Docket No. 608]
19 Autumn Ridge Subdivision-Phase I	Eagle Mtn., UT				
Phase I-Lot #2		37,000	39,900	35,635.21	Sale approved [Docket No. 692]. Sale closed 7/8/14
Phase I-Lot #3		37,000	39,900	35,711.84	Sale approved [Docket no. 644]. Sale closed 5/1/14
Phase I-Lot #4		37,000	37,000	30,821.91	Sale approved to builders [Docket No. 293]. Sale closed 6/3/13
Phase I-Lot #6		37,000	37,000	31,355.85	Sale approved to builders [Docket No. 293]. Sale closed 10/31/13
Phase I-Lot #7		37,000	37,000	31,355.85	Sale approved to builders [Docket No. 293]. Sale closed 10/31/13

Phase I-Lot #8		37,000	37,000	31,554.15	Sale approved to builders [Docket No. 293] Sale closed 5/31/13
Phase I-Lot #11		37,000	37,000	31,355.85	Sale approved to builders [Docket No. 293] Sale closed 10/31/13
Phase I-Lot #16		37,000	39,900	35,903.39	Sale approved [Docket No. 696]. Sale closed 7/18/14
Phase I-Lot #21		37,000	37,000	31,355.85	Sale approved to builders [Docket No. 293] Sale closed 10/31/13
Phase I-Lot #30		37,000	37,000	31,355.85	Sale approved to builders [Docket No. 293] Sale closed 10/31/13
Phase I-Lot #33		37,000	37,000	30,775.92	Sale approved to builders [Docket No. 293] Sale closed 10/31/13
Phase I-Lot #39		37,000	39,900	35,903.39	Sale approved [Docket No. 696]. Sale closed 7/18/14
Phase I-Lot #40		37,000	37,000	30,911.96	Sale approved to builders [Docket No. 293] Sale closed 9/25/13
Phase I-Lot #41		37,000	37,000	30,857.73	Sale approved to builders [Docket No. 293] Sale closed 8/14/13
Phase I-Lot #51		37,000	37,000	31,355.85	Sale approved to builders [Docket No. 293] Sale closed 10/31/13
Phase I-Lot #52		37,000	37,000	31,355.85	Sale approved to builders [Docket No. 293] Sale closed 10/31/13
Phase I-Lot #54		37,000	37,000	31,554.16	Sale approved to builders [Docket No. 293] Sale closed 5/31/13
Phase I-Lot #55		37,000	37,000	31,355.85	Sale approved to builders [Docket No. 293] Sale closed 10/31/13
Phase I-Lot #60		37,000	37,000	31,355.89	Sale approved to builders [Docket No. 293] Sale closed 10/31/13
Phase II-62 Building Lots		N.A.	538,000	446,610.24	Sale approved [Docket No. 460] Sale closed 10/1/13
21 Cedar Fort Land (Fairfield)-8 acres	Fairfield, UT	24,000	25,000	22,274.21	Sale at auction approved [Docket No. 458] Sale closed 11/14/13
21 Cedar Fort Land (Fairfield)-85 Acres	Fairfield, UT	255,000	213,925	242,656.49	Sale approved [Docket No. 1186]. Sale closed 8/12/16
22 Expressway Business Park	Spanish Fork, UT				
Unit #109		N.A.	N.A.	N.A.	No equity; Court approved release to lender [Docket No. 241]
Unit #305		65,000	69,000	55,840.79	Court approved sale at auction [Docket No. 270] Sale closed 6/27/13
Unit #204		N.A.	N.A.	N.A.	No equity; Court approved release to lender [Docket No. 364]
Unit #215		N.A.	127,500	112,965.27	Sale approved at auction [Docket No. 393] Sale closed 10/30/13
24 Gooseberry Cabin	Fairview, UT	N.A.	N.A.	N.A.	No equity; Court approved release to lender [Docket No. 125]
25 Almond Heights-21 Building Lots	Toquerville, UT	842,000			
Lot #A-2		159,750	148,200	118,730.60	Sale Approved [Docket No. 1099] Sale closed 3/22/16
Lot #C-2		34,200	30,780	24,136.91	Sale Approved [Docket No. 1075] Sale closed 3/1/16
Lot #F		32,300	31,000	24,733.41	Sale approved [Docket No. 988] Sale closed 8/24/15
Lot #F-3		35,150	31,635	24,887.93	Sale Approved [Docket No. 1075] Sale closed 3/1/16
Lot #7		38,000	32,000	29,388.95	Sale approved [Docket No. 829]. Sale closed 12/18/14
Lot #10		38,950	36,000	30,552.54	Sale approved [Docket No. 906]. Sale closed 3/31/15
Lot #11		37,050	32,000	6,788.12	Sale approved [Docket No. 829]. Sale closed 12/16/14
Lot #12		38,000	32,000	6,787.90	Sale approved [Docket No. 829]. Sale closed 12/16/14
Lot #13		37,050	32,000	6,787.75	Sale approved [Docket No. 829]. Sale closed 12/16/14
Lot #14		35,150	31,635	6,525.25	Sale Approved [Docket No. 1075] Sale closed 3/1/16
Lot #15		33,250	29,925	6,254.50	Sale Approved [Docket No. 1075] Sale closed 3/1/16
Lot #17		30,400	24,000	21,752.44	Sale approved [Docket No. 829]. Sale closed 12/11/14
Lot #18		30,400	27,360	23,562.06	Sale Approved [Docket No. 1075] Sale closed 3/1/16
Lot #19		22,800	18,600	-1,200.46	Sale Approved [Docket No. 1068] Sale closed 1/25/16
Lot #20		22,800	18,600	-1,526.81	Sale Approved [Docket No. 1068] Sale closed 1/25/16
Lot #21		11,500	7,700	4,198.82	Sale approved [Docket No. 1256]. Sale closed 2/9/17
Lot #22					Sale approved [Docket No. 1256]. Sale closed 2/9/17
Lot #23		31,350	24,000	20,346.06	Sale approved [Docket No. 998]. Sale closed 9/4/15
Lot #24		33,250	31,000	26,672.24	Sale approved [Docket No. 998]. Sale closed 9/4/15
Lot #25		35,150	34,000	29,216.54	Sale approved [Docket No. 951]. Sale closed 5/21/15
Lot #26		34,200	32,000	27,151.02	Sale approved [Docket No. 829]. Sale closed 12/17/14
26 Kanab Home	Kanab, UT	199,000	197,000	18,162.90	Sale approved [Docket No. 746]. Sale closed 9/4/14
27 Farrell Business Park-12 Units	Gilbert, AZ	76,631	101,631	83,997.05	Court approved sale at auction [Docket No. 202] Sale closed 5/31/13
Unit 103					

Unit 104		76,631	101,631	83,997.05	Court approved sale at auction [Docket No. 202] Sale closed 5/31/13
Unit 105		80,000	92,000	70,392.98	Court approved sale at auction [Docket No. 203] Sale closed 5/21/13
Unit 106		80,000	97,000	74,832.11	Court approved sale at auction [Docket No. 204] Sale closed 6/7/13
Unit 107		80,000	90,000	67,699.81	Court approved sale at auction [Docket No. 205] Sale closed 6/7/13
Unit 109		80,000	80,000	59,194.91	Court approved sale at auction [Docket No. 206] Sale closed 5/16/13
Unit 110		80,000	80,000	59,194.91	Court approved sale at auction [Docket No. 206] Sale closed 5/16/13
Unit 111		80,000	80,000	59,194.92	Court approved sale at auction [Docket No. 206] Sale closed 5/16/13
Unit 113		80,000	107,000	85,094.45	Court approved sale at auction [Docket No. 207] Sale closed 6/3/13
Unit 114		80,000	107,000	85,094.45	Court approved sale at auction [Docket No. 207] Sale closed 6/3/13
Unit 115		80,000	80,000	59,288.00	Court approved sale at auction [Docket No. 208] Sale closed 6/11/13
Unit 116		80,000	80,000	59,288.00	Court approved sale at auction [Docket No. 208] Sale closed 6/11/13
28	Clearview Business Park-8 Units	Mesa, AZ	415,954	737,000	591,295.43 Court approved sale at auction [Docket No. 177] Sale closed 5/10/13
29	Bear Grove Industrial Park-8 Lots	Byron, MN	1,675,200		Property is listed for sale with broker; property encumbered by bond
	Parcel #8516		281,500	210,000	10,000.00 Sale approved [Docket No. 853]. Sale closed 3/27/15
	Parcel #8509		156,700	149,000	98,795.03 Sale approved [Docket No. 849]. Sale closed 3/16/15
	Parcel #8512		305,000	235,000	6,500.00 Sale approved [Docket No. 854]. Sale closed 3/6/15
	Parcel #6060		340,000	235,000	10,000.00 Sale approved [Docket No. 875]. Sale closed 3/24/15
	Lot 3, Block 1 (Parcel #8510)		149,500	149,500	95,340.47 Sale approved [Docket No. 989] Sale closed 9/30/15
	Block 2, Lots 4-5		448,300	448,300	279,963.57 Sale at auction approved [Docket No. 1084] Sale closed 3/31/16
	Block 2, Lot 1		285,000	280,000	34,019.74 Sale approved [Docket No. 1118]. Sale closed June 15, 2016
30	Georgia Single Family Residence	Temple, GA	135,000	125,000	106,843.83 Sale approved [Docket No. 553] Sale closed 1/10/14
31	Chicago Single Family Residence	Chicago, IL	N.A.	N.A.	N.A. No value; Court approved abandonment [Docket No. 434] Order 9/10/13
32	Cleveland Single Family Residence	Cleveland, OH	N.A.	N.A.	N.A. No value; Court approved abandonment [Docket No. 434] Order 9/10/13
33	Cleveland Building Lot	Cleveland, OH	N.A.	N.A.	N.A. No value; Court approved abandonment [Docket No. 434] Order 9/10/13
34	Toledo Single Family Residence	Toledo, OH	N.A.	N.A.	N.A. No value; Court approved abandonment [Docket No. 434] Order 9/10/13
	Total		10,252,116.00	9,870,743.92	7,132,937.07

# **EXHIBIT B**

Wayne Klein, Receiver for National Note of Utah  
PO Box 1836  
Salt Lake City, UT 84110  
801-824-9616

# STANDARDIZED FUND ACCOUNTING REPORT

Civil – Receivership Fund

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Fund Name: SEC v. National Note of Utah  
Civil Court Docket No. 2:12-CV-00591 BSJ

Reporting Period 07/01/2017 to 09/30/2017

**Standardized Fund Accounting Report for National Note of Utah - Cash Basis**

Receivership; Civil Court Docket No. 2:12-CV-00591 BSJ

Reporting Period 07/01/2017 to 09/30/2017

<b>Fund Accounting (See Instructions):</b>		<b>Detail</b>	<b>Subtotal</b>	<b>Grand Total</b>
Line 1	<b>Beginning Balance (As of 07/01/2017):</b>		\$2,065,523.12	
	<i>Increases in Fund Balance:</i>			
Line 2	<b>Business Income</b>		\$0.00	
Line 3	<b>Cash and Securities</b>		\$0.00	
Line 4	<b>Interest/Dividend Income</b>		\$282.22	
Line 5	<b>Business Asset Liquidation</b>		\$0.00	
Line 6	<b>Personal Asset Liquidation</b>		\$0.00	
Line 7	<b>Third-Party Litigation Income</b>		\$51,487.60	
Line 8	<b>Miscellaneous - Other</b>		\$0.00	
	<b>Total Funds Available (Lines 1 - 8)</b>			\$2,117,292.94
	<i>Decreases in Fund Balance:</i>			
Line 9	<b>Disbursements to Investors</b>		\$0.00	
Line 10	<b>Disbursements for Receivership Operations</b>			
	<i>Line 10a Disbursements to Receiver or Other Professionals</i>		\$12,207.50	
	<i>Line 10b Business Asset Expenses</i>		\$4,393.65	
	<i>Line 10c Personal Asset Expenses</i>		\$0.00	
	<i>Line 10d Investment Expenses</i>		\$0.00	
	<i>Line 10e Third-Party Litigation Expenses</i>			
	1. Attorney Fees		\$60,594.00	
	2. Litigation Expenses		\$0.00	
	<i>Total Third-Party Litigation Expenses</i>		\$60,594.00	
	<i>Line 10f Tax Administrator Fees and Bonds</i>		\$0.00	
	<i>Line 10g Federal and State Tax Payments</i>		\$0.00	
	<b>Total Disbursements for Receivership Operations</b>		\$77,195.15	
Line 11	<b>Disbursements for Distribution Expenses Paid by the Fund:</b>			
	<i>Line 11a Distribution Plan Development Expenses:</i>			
	1. Fees:		\$0.00	
	Fund Administrator			
	Independent Distribution Consultant (IDC)			
	Distribution Agent			
	Consultants			
	Legal Advisers			
	Tax Advisers			
	2. Administrative Expenses		\$0.00	

	3. Miscellaneous	\$0.00
	<i>Total Plan Development Expenses</i>	\$0.00
<b>Line 11b</b>	<i>Distribution Plan Implementation Expenses:</i>	
	1. Fees:	\$0.00
	Fund Administrator	
	IDC	
	Distribution Agent	
	Consultants	
	Legal Advisers	
	Tax Advisers	
	2. Administrative Expenses	\$0.00
	3. Investor Identification:	\$0.00
	Notice/Publishing Approved Plan	
	Claimant Identification	
	Claims Processing	
	Web Site Maintenance/Call Center	
	4. Fund Administrator Bond	\$0.00
	5. Miscellaneous	\$0.00
	6. Federal Account for Investor Restitution	\$0.00
	(FAIR) Reporting Expenses	\$0.00
	<i>Total Plan Implementation Expenses</i>	\$0.00
	<b>Total Disbursements for Distribution Expenses Paid by the Fund</b>	\$0.00
<b>Line 12</b>	<b>Disbursements to Court/Other:</b>	
	<i>Investment Expenses/Court Registry Investment</i>	
	<i>Line 12a System (CRIS) Fees</i>	\$0.00
	<i>Line 12b Federal Tax Payments</i>	\$0.00
	<b>Total Disbursements to Court/Other</b>	\$0.00
	<b>Total Funds Disbursed (Lines 9 - 12):</b>	\$77,195.15
<b>Line 13</b>	<b>Ending Balance (As of 09/30/2017):</b>	\$2,040,097.79
<b>Line 14</b>	<b>Ending Balance of Fund - Net Assets:</b>	
	<i>Line 14a Cash &amp; Cash Equivalents</i>	\$2,040,097.79
	<i>Line 14b Investments</i>	\$0.00
	<i>Line 14c Other Assets or Uncleared Funds</i>	\$0.00
	<b>Total Ending Balance of Fund - Net Assets</b>	\$2,040,097.79

<b>Other Supplemental Information:</b>				
		<b>Detail</b>	<b>Subtotal</b>	<b>Grand Total</b>
	<i>Report of Items NOT To Be Paid by the Fund:</i>			
<b>Line 15</b>	<i>Disbursements for Plan Administration Expenses Not Paid by the Fund:</i>			
	<i>Line 15a Plan Development Expenses Not Paid by the Fund:</i>			

	1. Fees:	\$0.00
	Fund Administrator	
	IDC	
	Distribution Agent	
	Consultants	
	Legal Advisers	
	Tax Advisers	
	2. Administrative Expenses	\$0.00
	3. Miscellaneous	\$0.00
	<i>Total Plan Development Expenses Not Paid by the Fund</i>	\$0.00
<i>Line 15b</i>	<i>Plan Implementation Expenses Not Paid by the Fund:</i>	
	1. Fees:	\$0.00
	Fund Administrator	
	IDC	
	Distribution Agent	
	Consultants	
	Legal Advisers	
	Tax Advisers	
	2. Administrative Expenses	\$0.00
	3. Investor Identification:	\$0.00
	Notice/Publishing Approved Plan	
	Claimant Identification	
	Claims Processing	
	Web Site Maintenance/Call Center	
	4. Fund Administrator Bond	\$0.00
	5. Miscellaneous	\$0.00
	6. FAIR Reporting Expenses	\$0.00
	<i>Total Plan Implementation Expenses Not Paid by the Fund</i>	\$0.00
<i>Line 15c</i>	<i>Tax Administrator Fees and Bonds Not Paid by the Fund</i>	\$0.00
	<b>Total Distributions for Plan Administration Expenses Not Paid by the Fund</b>	\$0.00
<i>Line 16</i>	<b>Disbursements to Court/Other Not Paid by the Fund:</b>	
	<i>Investment Expenses/Court Registry Investment</i>	
<i>Line 16a</i>	<i>System (CRIS) Fees</i>	\$0.00
<i>Line 16b</i>	<i>Federal Tax Payments</i>	\$0.00
	<b>Total Disbursements to Court/Other Paid by the Fund:</b>	\$0.00
<i>Line 17</i>	<b>DC &amp; State Tax Payments</b>	\$0.00
<i>Line 18</i>	<b>No. of Claims:</b>	
	<i>Line 18a # of Claims Received This Reporting Period</i>	0
	<i>Line 18b # of Claims Received Since Inception of Fund</i>	468

Line 19 No. of Claimants/Investors: 

Line 19a # of Claimants/Investors Paid This Reporting Period 0

Line 19b # of Claimants/Investors Paid Since Inception of Fund 429

Receiver: Wayne Klein, Receiver for  
National Note by Utah, L.C.

By: Wayne Klein

(signature)

Wayne Klein  
(printed name)

Receiver  
(title)

Date: November 1, 2017

**NNU SFAR - 3rd Quarter 2017**

	<b>Line Breakdown</b>						
	Line 2	Line 4	Line 5	Line 6	Line 7	Line 8	Total
Rent Received		\$0.00					
Overpaid Investors					\$51,487.60		
National Note			\$0.00	\$0.00	\$0.00		
Real Estate Holding			\$0.00				
Royalties Received						\$0.00	
Interest		\$282.22					
Refunds						\$0.00	
Witness Fees						\$0.00	
Advances by Receiver							\$51,769.82
	<b>\$0.00</b>	<b>\$282.22</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$51,487.60</b>	<b>\$0.00</b>	<b>\$51,769.82</b>
	Line 10a	Line 10b	Line 10f	Line 10e-1	Line 10e-2	Line 11b-3	Total
Receivership Expenses	\$12,207.50	\$4,393.65	\$0.00	\$60,594.00	\$0.00	\$0.00	
Refund Deposit from Prior Period		\$0.00					
Adjustment - NNU Account		\$0.00					
	<b>\$12,207.50</b>	<b>\$4,393.65</b>	<b>\$0.00</b>	<b>\$60,594.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$77,195.15</b>
	<b>Line 14a</b>						
National Note		\$96,356.99					
Savings		\$122,956.53					
High-Yield Operating		\$859,390.24					
Real Estate Holding		\$59,582.40					
High-Yield Real Estate		\$901,811.63					
		<b>\$2,040,097.79</b>					

Created by James Shupe on 10/12/2017